

# MAYOR & COUNCIL AGENDA COVER SHEET

**MEETING DATE:**

June 5, 2006

**CALL TO PODIUM:**

Harold Belton

**RESPONSIBLE STAFF:**

Harold Belton, Director  
Finance and Administration

**AGENDA ITEM:**

(please check one)

	Presentation
	Proclamation/Certificate
	Appointment
	Public Hearing
	Historic District
	Consent Item
	Ordinance
	Resolution
	Policy Discussion
	Work Session Discussion Item
<b>X</b>	Other: Set the Constant Yield Tax Rate

**PUBLIC HEARING HISTORY:**

(Please complete this section if agenda item is a public hearing)

Introduced	05/01/06
Advertised	04/26/06
Hearing Date	05/15/06
Record Held Open	05/26/06
Policy Discussion	

**TITLE:**

Constant Yield Tax Rate for the City of Gaithersburg, for the Fiscal Year July 1, 2006 through June 30, 2007

**SUPPORTING BACKGROUND:**

In order to comply with state law, a public hearing is required if the tax rate proposed for the fiscal year exceeds the Constant Yield Tax Rate.

From year to year, the City's assessable tax base increases, causing the amount of revenue to increase. The City must hold a public hearing to inform citizens of that increase. As projected by the State Department of Assessments and Taxation, the City's assessable base will increase by 12.6 percent in FY 2007. As the City's assessments increase, the tax rate needed to generate the amount of revenue for the prior year decreases. This Constant Yield Tax would ensure that the City's tax revenue would remain flat from FY 2006 to 2007.

The City of Gaithersburg is proposing a tax rate of \$.212, which will exceed the \$.188 Constant Yield Tax Rate. On April 26, 2006 a notification of a public hearing on the Constant Yield Tax Rate was announced for May 15, 2006. The public hearing was held on that date. During the public hearing, the Mayor and City Council voted to close the record on May 26, 2006.

Staff requests the Mayor and City Council vote to set the Constant Yield Tax Rate and set the rate at \$.212 to become effective July 1, 2006.

**DESIRED OUTCOME:**

Vote to set the Constant Yield Tax Rate

April 21, 2006

Attn: Lucie Sherman

Re: Non-Legal Ad for 4/26/06

Please publish the attached advertisement separate from other ads (**legal and classified**) in your newspaper issue of April 26, 2006. Also, please fax me proofs I can look over before the ads are printed. **Note the following Municipal Newspaper Requirements** for the ad. Actual ad on the attached page.

**State law requires that no extra language be made a part of the ad, for example assigned codes, etc.**

**Municipal Newspaper State Law Requirements:**

- Headlines must be all capital letters and bold type.
- Remainder must be both upper and lower case characters.
- Notices must be **12 point**.
- **Municipal advertisements must be a minimum of 1/8 page in size and MUST NOT BE PLACED WITH LEGAL NOTICES OR CLASSIFIED ADS.**

Please call me to confirm you've received this ad and let me know the cost of running it. Thank you.

Sincerely,

Denise Gantz  
Administrative Secretary  
Finance & Administration  
301-258-6320  
301-258-6326 (fax)  
dgantz@ci.gaithersburg.md.us

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**SEE AD NEXT PAGE**

**Assign Code: Constant Yield Tax 2006-07**

**CITY OF GAITHERSBURG NOTICE  
OF A PROPOSED  
REAL PROPERTY TAX INCREASE**

The Mayor and City Council of the City of Gaithersburg proposes to increase real property taxes.

1. For the tax year beginning July 1, 2006, the estimated real property assessable base will increase by 12.6%, from \$5,928,172,982 to \$6,675,443,412.

2. If the City of Gaithersburg maintains the current tax rate of \$0.212 per \$100 of assessment, real property tax revenues will increase by 12.6%, resulting in \$1,584,213 of new real property tax revenues.

3. In order to fully offset the effect of increasing assessments, the real property tax rate should be reduced to \$0.188, the constant yield tax rate.

4. The City is considering not reducing its real property tax rate enough to fully offset increasing assessments. The City proposes to adopt a real property tax rate of \$0.212 per \$100 of assessment. This tax rate is 12.8% higher than the constant yield tax rate and will generate \$1,584,213 in additional property tax revenues.

A public hearing on the proposed real property tax increase will be held at 7:30 p.m., May 15, 2006, at City Hall, 31 South Summit Avenue, Gaithersburg, Maryland 20877.

The hearing is open to the public, and public testimony is encouraged.

Persons with questions regarding this hearing may call 301-258-6310 for further information.